Career Outlook

BLS

Working in a gig economy

By Elka Torpey and Andrew Hogan | May 2016

Ryan Heenan works whenever, wherever. He's a songwriter who sells customized jingles and videos online to clients worldwide. "It's really a dream come true," says Heenan. "It gives me the freedom to set my own hours. And I can do what I do anywhere there's an Internet connection."

Heenan is one of many people in the so-called gig economy. But there is no official definition of the "gig economy"—or, for that matter, a gig. For purposes of this article, a gig describes a single project or task for which a worker is hired, often through a digital marketplace, to work on demand.

Some gigs are a type of short-term job, and some workers pursue gigs as a self-employment option; those concepts aren't new. However, companies connecting workers with these jobs through websites or mobile applications (more commonly known as apps) is a more recent development.

Keep reading to learn what gigs are all about and how some workers are taking a gig approach to earning money. You'll gain insight into the pros and cons of gig work, along with suggestions for getting started.

The gig workforce

Gig workers are spread among diverse occupation groups and are not easily identified in surveys of employment and earnings. But they are similar in the way they earn money.

These workers often get individual gigs using a website or mobile app that helps to match them with customers. Some gigs may be very brief, such as answering a 5-minute survey. Others are much longer but still of limited duration, such as an 18-month database management project. When one gig is over, workers who earn a steady income this way must find another. And sometimes, that means juggling multiple jobs at once.

For example, TyKecia Hayes is a freelance filmmaker in Los Angeles, California. When she's between filmmaking projects, Hayes picks up gigs that include working as a personal assistant, helping people move, and making deliveries. "I'm able to work when I need money and take off when I need to," she says. "That's the beauty of it."

Counting gig workers

You may have heard a lot of buzz about growth in the gig economy. But government data sources have difficulty counting how many gig workers there are. Among the sources that may shed light on this topic are data from the U.S. Bureau of Labor Statistics (BLS) and the U.S. Census Bureau.

BLS data. Gig workers could be in contingent or alternative employment arrangements, or both, as measured by BLS. Contingent workers are those who don't have an implicit or explicit contract for long-term employment. Alternative employment arrangements include independent contractors (also called freelancers or independent consultants), on-call workers, and workers provided by temporary help agencies or contract firms.

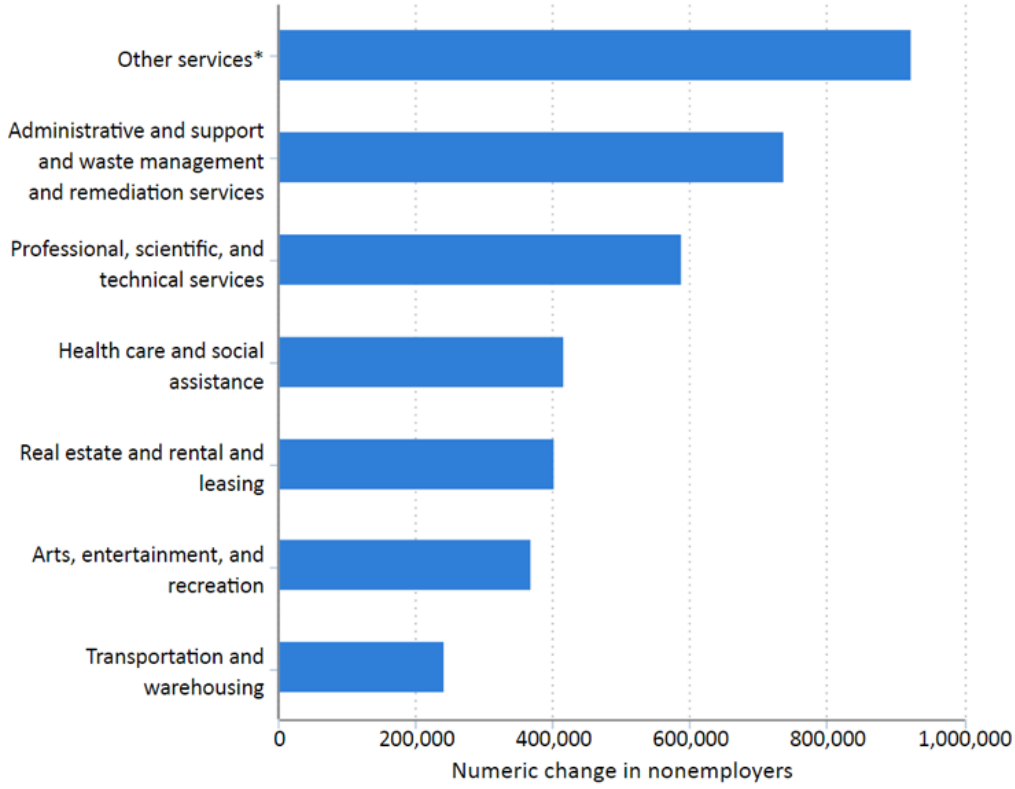
The data BLS has for these types of workers are about a decade old. In 2005, contingent workers accounted for roughly 2 to 4 percent of all workers. About 7 percent of workers were independent contractors, the most common alternative employment arrangement, in that year. BLS plans to collect these data again in May 2017.

Other, more recent, data from BLS likely reflect a lot of gig work, but these workers are not broken out separately. For example, gig workers may be included in counts of workers who are part-time, self-employed, or hold multiple jobs. But these counts also include workers who are not part of the gig workforce.

Census data. Nonemployer statistics data, created by the Census Bureau from tax data provided by the Internal Revenue Service (IRS), offer another possible look at what's been happening in the gig economy. Many gig workers fit the Census definition of a nonemployer: in most cases, a self-employed individual operating a very small, unincorporated business with no paid employees.

Between 2003 and 2013, all industry sectors experienced growth in nonemployer businesses. The "other services" sector gained nearly 1 million nonemployer businesses during that time, the most of any sector. (See chart 1.) Many of the occupations in this sector involve on-demand services, such as petsitting and appliance repair, making them well suited to gig employment.

Chart 1. Nonemployer business growth, by industry, 2003–13



* This industry sector includes repair and maintenance; personal and laundry services; and religious, grantmaking, civic, professional, and similar organizations.
Note: Most nonemployers are self-employed individuals operating unincorporated businesses (known as sole proprietorships), which may or may not be the owner's principal source of income. Data for 2003 use the 2002 North American Industry Classification System (NAICS), and data for 2013 use the 2012 NAICS; data are not strictly compatible but are comparable for purposes of showing general change. For more information about the Nonemployer Statistics program, including methodology and changes that could affect comparability over time, see www.census.gov/econ/nonemployer.
Source: 2003–13 Nonemployer Statistics, U.S. Census Bureau.

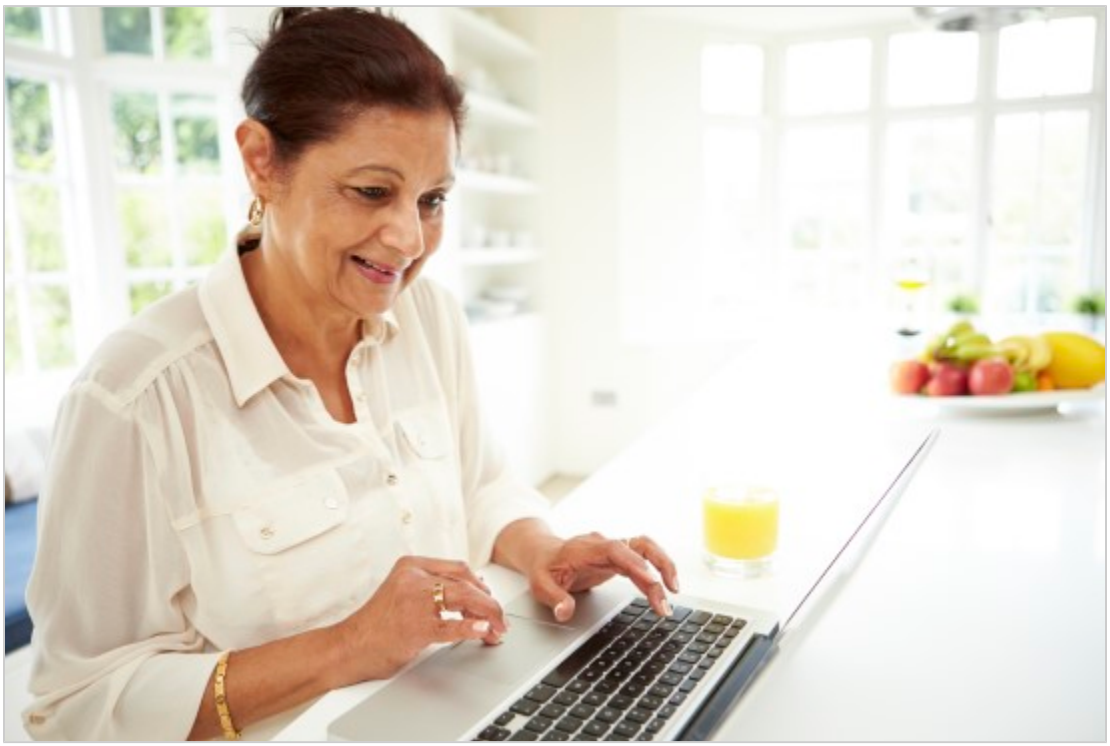
Occupations for gig employment

Gigs are more likely in some occupations than in others. Work that involves a single task, such as writing a business plan, lends itself well to this type of arrangement. Any occupation in which workers may be hired for on-demand jobs has the potential for gig employment.

The BLS *Occupational Outlook Handbook* (*OOH*) covers about 83 percent of the jobs in the U.S. economy. Its 329 detailed profiles of occupations are sorted by group. This section highlights some of those groups in which gig work may be increasingly relevant, giving examples of occupations in each.

Arts and design. Many occupations in this group, including musicians, graphic designers, and craft and fine artists, offer specific one-time services or customized products, which makes them good candidates for gig work.

Computer and information technology. Web developers, software developers, and computer programmers are among the occupations in this group in which workers might be hired to complete a single job, such as to create a small-business website or a new type of software.



Construction and extraction. Carpenters, painters, and other construction workers frequently take on individual projects of short duration, a hallmark of gig jobs.

Media and communications. The services of technical writers, interpreters and translators, photographers, and others in this group are often project-based and easy to deliver electronically, fueling a market for gig workers.

Transportation and material moving. Ridesharing apps have helped to create opportunities for workers who provide transportation to passengers as needed, and on-demand shopping services have led to gig jobs for delivery drivers.

Pros and cons of gig work

Gig workers may do varied tasks, but they have similar things they enjoy—and don't—about their arrangements.

Freedom to work as they please is what many people like, but with autonomy comes responsibility. For example, it can be stressful for gig workers to ensure that they have consistent income. "When you're a freelancer, you make the decisions, which is fantastic," says Theresa Anderson of Las Vegas, Nevada, who does graphic design projects part time from her home. "But it can also be really scary."

Pros

Gig workers say that they like being in control. They can choose projects they enjoy and schedule their work around their lives.

Flexibility. People who want to work without having set hours may look for gigs to fit their schedules. “I log on and work when I want,” says Ariana Baseman, a rideshare driver in Detroit, Michigan, who transports passengers in her spare time, in addition to working a traditional, full-time job. “It’s that flexible.”

Like other types of flexible employment arrangements, gigs may offer workers an option for adaptability. “The thing that I love about it is the freedom,” says Nick Walter, of Salt Lake City, Utah, who creates online classes in computer programming. “If you decide you want to go on vacation, you can do that.”

Variety. Gigs may provide workers with a chance to try several types of jobs. As a result, they present variety and career exploration to both new and experienced workers. “Take opportunities when they arise,” says Heenan. “You have a lot of chances to do different things.”

And if you’re a “people person,” gig work may offer interaction with a diverse clientele. “I love that I get to constantly work with different people,” says Hayes. “I’m pretty social, so I enjoy meeting all types.”

Passion. You might want to select gigs the same way you would traditional employment: by finding work in which you pursue your interests. And depending on how you schedule your gigs, you might be able to choose among many passions.

Some workers take gigs that allow them to encourage others in a field they enjoy. For example, retired business owner Tamma Ford of Seattle, Washington, takes consulting gigs that let her share her expertise with people who are just getting started.

Cons

There’s a lot of uncertainty associated with gig work. For example, you’ll need to have a steady stream of gigs to get consistent pay. Even then, the amount you earn may not offset some of the costs you’ll be responsible for outside of a traditional employment relationship, such as benefits.

Inconsistency. Landing enough work to provide a stable income from gigs alone isn’t always easy, or even possible. As a result, many gig workers find gigs adequate for part-time work but not a full-time career.

Workers may struggle with looking for jobs, not knowing what—if anything—will come next. “Sometimes you’re not making any money because you’re not getting any work,” says Baseman. “That part’s not really in your

control.” And even after you complete a gig, you may face periods of no income if there are delays in getting paid.

Scheduling. Not having set hours or an employer who provides direction for the day is challenging for some gig workers. “Unless you’re a very dedicated, self-motivated individual, it can be hard to focus,” says Walter. “There’s no one telling you what to do, no deadlines.”

And depending on the gig, you may need to work nonstandard days or times to finish a job. If you get a gig requiring hours on the weekend, for example, you might not be able to spend time with friends who have traditional 9-to-5 workweeks.

Lack of benefits. Gig workers don’t usually get employer-paid benefits, such as premiums on health insurance and contributions to retirement plans. You’ll need to research these topics and pay for the products yourself. “I took things like health insurance for granted,” says Heenan of his former job, working at a school. “When you freelance, you have to find those things on your own, and it’s expensive.”

Other benefits that gig workers often miss out on are annual leave and sick leave. Like any employees who don’t get paid time off, no work means no pay.

Getting gigs

There are different ways to get started in the gig economy. Identify what you do well and what you might enjoy doing. Then, search for opportunities while keeping in mind some practical matters.

Create your niche

Think about the types of services you might be able to offer. What skills, experience, or other assets do you have that you can share? Consider that some gigs are for general tasks and others require a specific skillset.

Learn from others. When you have an idea of the type of work you'd like to do, talk to people who are already doing it. Or browse blogs or other resources to learn from the experiences of others.

Scoping out the market for your services will help you determine how much to charge—or even whether you should pursue your plan. "Start to get a feel for the value of your work," says Orlando Rivera, who does general handiwork and construction, among other tasks, in Brooklyn, New York. Ford learned a lot by looking at the profiles of others who were doing the types of tasks she wanted to do: nonfiction writing, translation, and business consulting.

Stand out. Figure out ways to differentiate yourself from other workers, such as by offering a service that is unique or in high demand. You might want to consider becoming self-employed as a way to fill that niche.

As mentioned previously, gig workers may be counted among workers who are self-employed. Some industries are projected to have more growth than others in the number of self-employed jobs over the 2014–24 decade. For example, home health care services is projected to grow rapidly and add many self-employed jobs over the decade.

Find opportunities

Many gig workers use a platform (usually a third-party company that has a website or an app) to help connect them with jobs. But others find work off platform (such as through networking). Still others get gigs from both sources.

Sign up. Applying to work with a gig platform may involve providing information about yourself and your services. If you create a profile, be sure it's professional and complete.

But, Walter cautions, consider taking gigs on the side until you're sure you like working this way. "All these places make it so easy to just jump in and start doing something," he says. "Get signed up and try it. But don't quit your day job."

Consider off-platform work. With some types of work, you may be able to find jobs without the help of an intermediary. Many gig platforms take a cut of the money paid for services, so your work may be more profitable if you find jobs yourself.

To get gigs off platform, you might advertise your services by distributing flyers or posting on a website. You might also try to drum up business by connecting through community associations or your local chamber of commerce.

Build your base. Regardless of how you get gigs, referrals and positive feedback from clients are key. If you build a reputation for quality work, people may be more likely to seek you out for future gigs.

In fact, successful gig workers often say that many of their jobs are from repeat business. “Treat every task as an opportunity to perform your best,” says Rivera, “and have fun while you’re at it.”

Be realistic

Deciding to take a gig approach to earning money requires patience, budgeting, and adaptability.

Give it time. Expect that it will take time to learn what works, and what doesn’t, when pursuing gigs. It may take a few tries before you figure out which keywords to use when searching for jobs, for example. And even then, it could take months to get gigs regularly.

Anderson started out doing graphic design gigs as a hobby for about a year, eventually building up to 10 to 15 hours per week of supplemental income. “Don’t think you’re going to make a fortune overnight,” she says.

Manage money. Even if you’re patient about making money, you should have a backup plan: figure out what you’ll do for income if you don’t get enough gig work to pay the bills. You might want to work a more traditional job, in addition to doing gigs, at least at first.

Managing finances is an important part of making gig arrangements viable. As a gig worker, you’ll need to keep track of the money you earn. You should also set aside some of your income for other purposes, such as an emergency fund for unplanned expenses.

Be adaptable. Not every gig is a good fit, and it's okay to trust your instincts. "If it doesn't feel right," says Ford, "let it go." Gig workers also advise changing tactics when what you're doing isn't going well.

To stay competitive in the gig economy, be prepared to keep learning. For example, Anderson takes advantage of free graphic design tutorials whenever they're offered, keeping her skills current to grow her business over time. "The more I do graphic design, the more I love it," she says of her gig work. "I genuinely want to do this and make it a career."

Sources for learning more

Explore hundreds of occupations, including some with the potential for gig work, using the *OOH*.

BLS data on contingent and alternative work arrangements are available on the Current Population Survey site. And read more about the upcoming contingent and alternative work arrangement supplement in a BLS blog post.

More BLS information is available about freelance work in a 2015 *Monthly Labor Review* article.

Career Outlook has a number of articles that may be of interest to people considering gig employment. These include the following:

- Careers for creative people
- Self-employment: What to know to be your own boss
- Bloggers and webcomic artists: Careers in online creativity
- Flexible work: Adjusting the when and where of your job

Workers in individual occupations compatible with gig work are featured in "You're a *what*?" articles including:

- Mystery shopper
- Grant writer
- Online seller

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